

VOLVO

Third Quarter 2007

Press Conference, October 24, 2007

Group Highlights

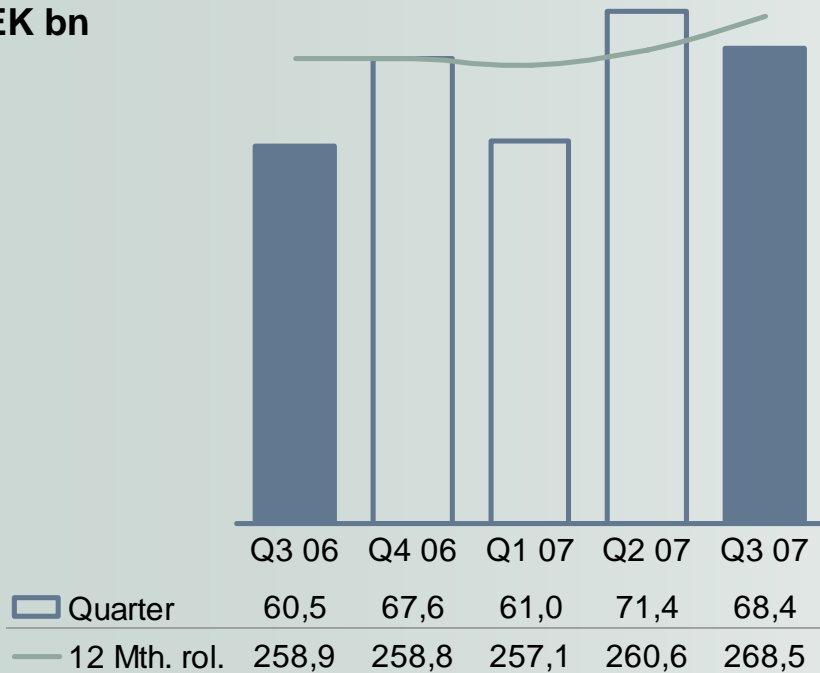


Third Quarter

- Business environment
 - Europe and International strong
 - North America and Japan soft/pre-buy
- Asia – now the second largest market for the Group
 - More than 40% of sales outside W Europe and North America
- Industrial system in focus
 - Investing in increased capacity in Europe
 - Resolving production disturbances in North America
- Future challenges
 - Alternative fuels/hybrid vehicles
 - Field testing of US10-engines

Net sales

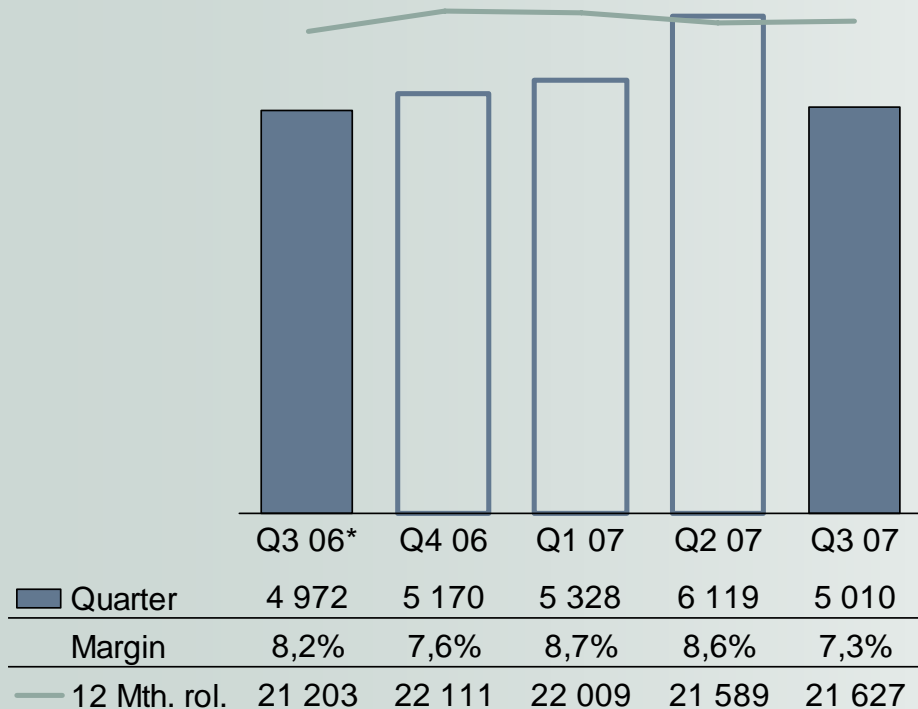
Net sales
SEK bn



- Net sales up 13%
 - Growth in Asia and Europe
- Adjusted for FX and acquired and divested units, net sales down 1%
- Strong organic growth
 - Volvo CE +22%
 - Volvo Penta +12%
 - Volvo Aero +7%

Operating income

Operating income SEK M



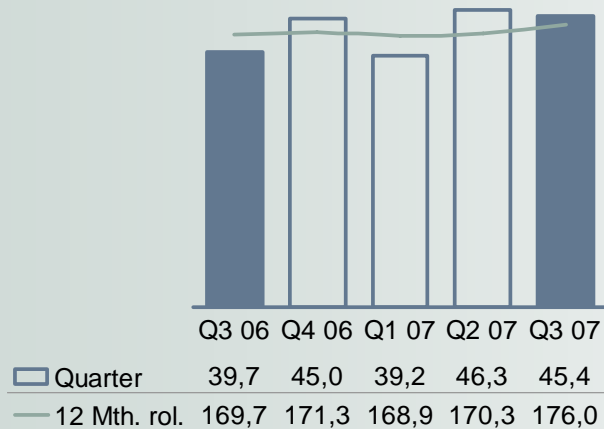
- + Product and market mix
 - Strong Europe and International
 - + Price realization
 - + Aftermarket and retail business
 - + Nissan Diesel (seasonally strong Q3)
 - + Renault Trucks
-
- US trucks
 - Volvo Buses
 - Currency impact (SEK -700 M)

* Excluding goodwill adjustment of SEK 1,712 M due to release of valuation reserves for taxes

Trucks



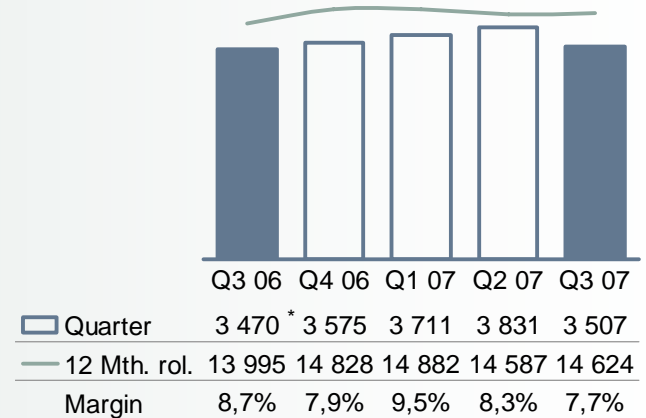
Net sales – SEK bn



Highlights

- Very strong demand in Europe and “Int.”
- North America
 - Slow demand/gradually improved productivity
- Normalized HD market share in Nissan Diesel
- Operating margin - comparable units at 8.4% (8.7)

Operating income – SEK M



In Focus

- Meet high demand outside US and Japan
 - capacity investments in Europe
 - secure efficient production increase
- Integration projects with Nissan Diesel

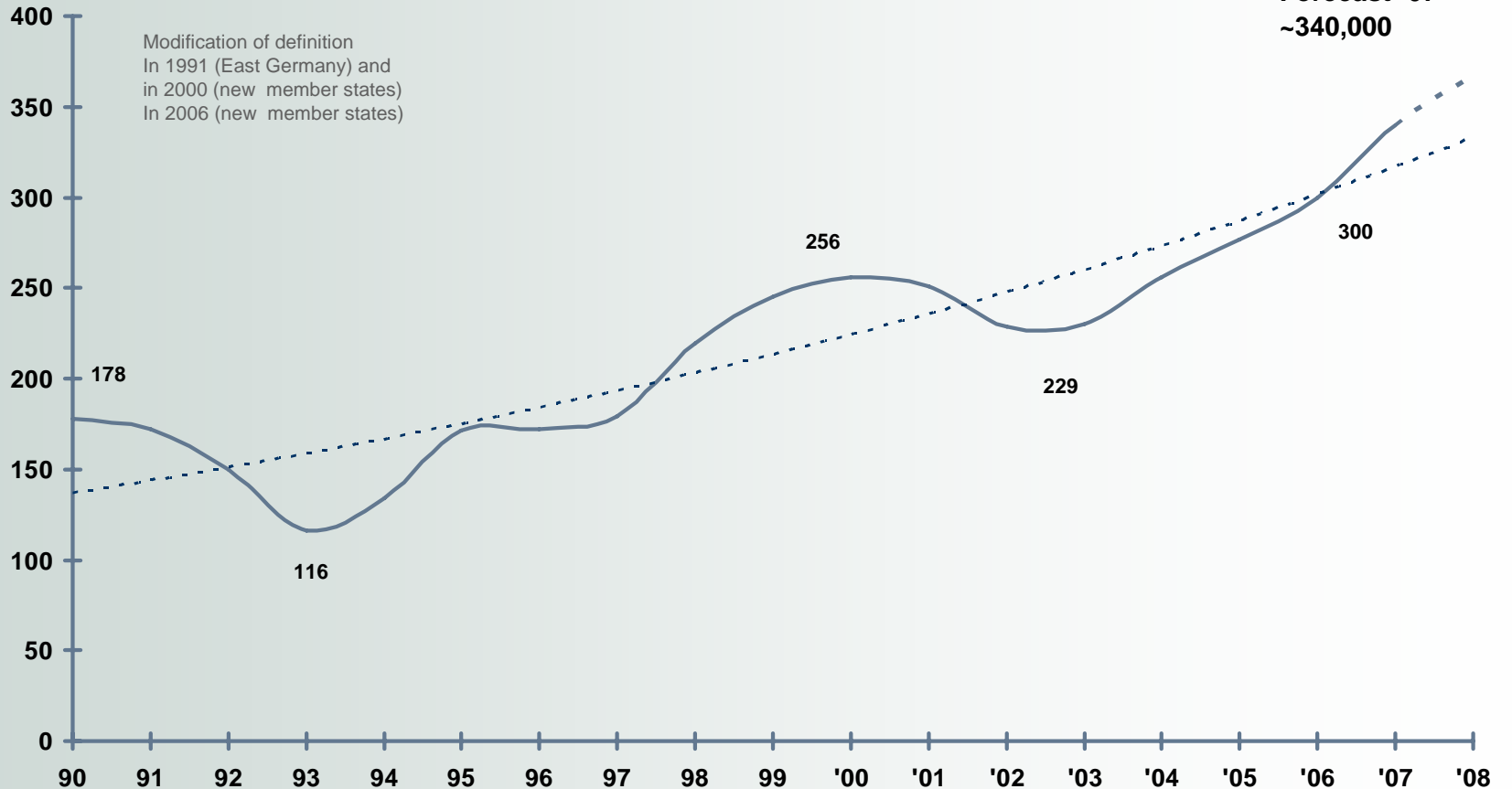
* Excluding goodwill adjustment of SEK 1,712 M due to release of valuation reserves for taxes

Heavy-Duty Truck Market - Europe

(EU members + Switzerland and Norway)



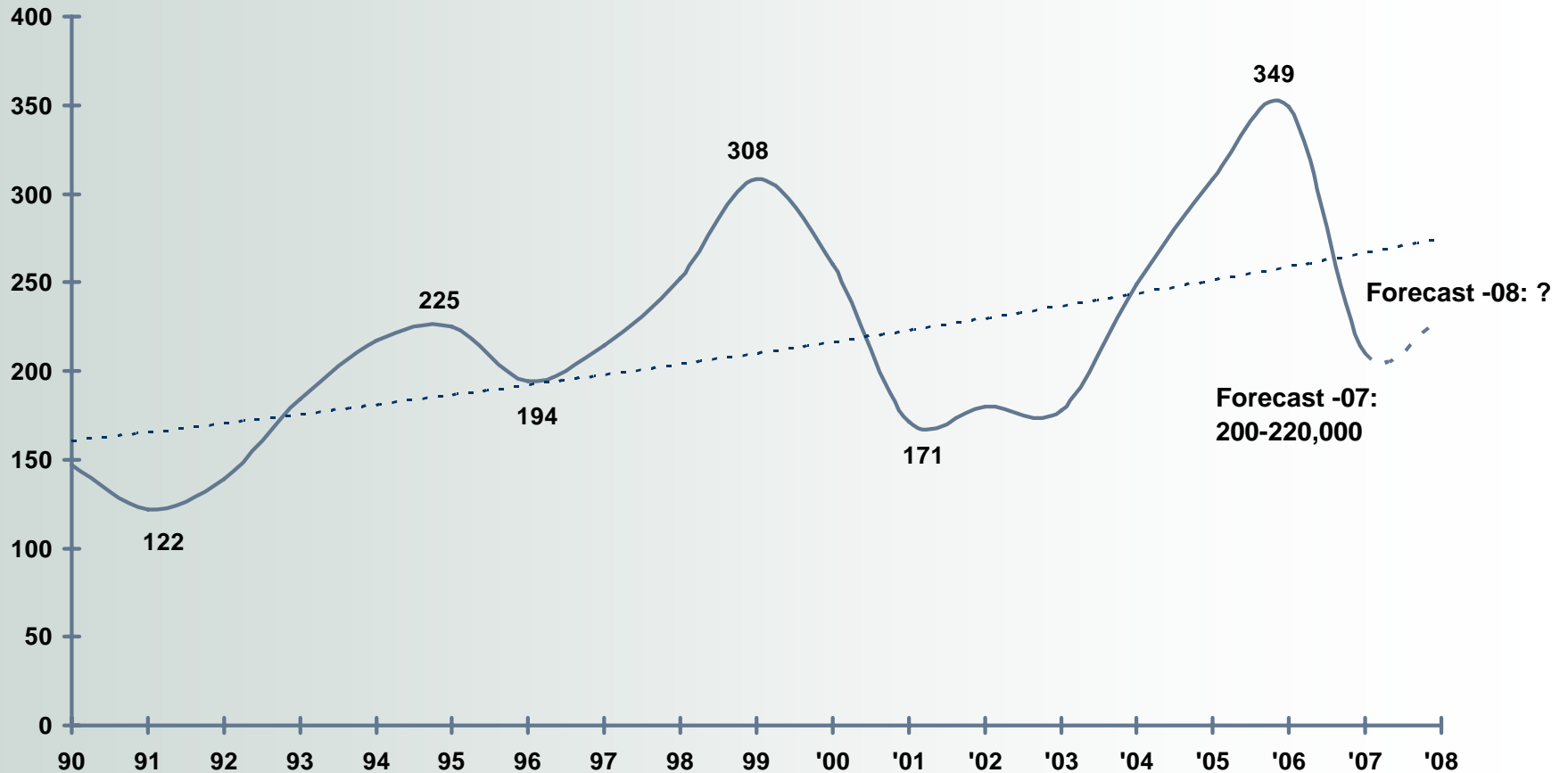
Units, Thousands (heavy trucks)



Heavy-Duty Truck Market – North America



Units, Thousands (heavy trucks)



Volvo Trucks



- Strong order intake in Europe up 83%
 - Of which Eastern Europe +161%
- Deliveries
 - Europe +19%
 - Asia +29%
 - North America -63%
- Price realization
- Supply chain challenges
- Good reception of US'07 trucks
- Field testing of US'10-engines
- Continued expansion of European dealer network

Mack Trucks

- Deliveries down 47%
- Positive customer reception of US'07 engine family
- Order intake flat
 - Soft US construction market
 - Still Industry inventories of US'04 products
- UAW-negotiations started



Nissan Diesel

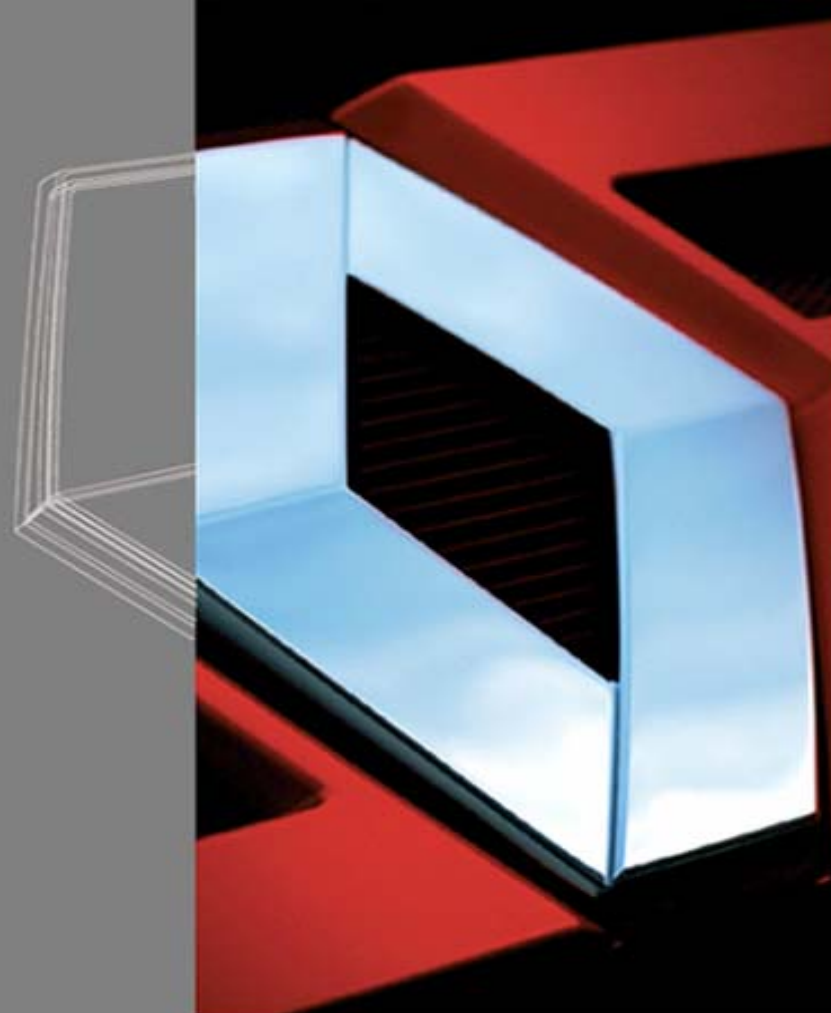


- New emission regulation as of September 1
 - Market shares normalized
 - Nissan Diesel – market leader in fuel efficiency
- Deliveries in the third quarter was 14,747, down 24%
 - Lower deliveries to Nissan Motors
 - Lower Japanese market post pre-buy, partly compensated by export growth
- Operating income at SEK 511 M, excl acquisition related costs:
 - Operating margin 6.6%
 - Seasonally strong third quarter
- Integration work

Renault Trucks



- Strong order intake – up 64% in total
 - Of which Eastern Europe +235%
- Agreement in place with Karsan for production of Renault trucks in Turkey
 - Capacity of about 5,000 units in 2009
- Good industrial productivity
- Good financial performance



Stefano Chmielewski

October 24, 2007



Committed to customer success

Content

- Renault Trucks' new Product Portfolio
- Light Duty strategy
- In Focus for 2008



New product portfolio



- Whole product offer renewal in 2006 and 2007
- Best in class quality & performances as the main focus
- Excellent reception of the new products from our clients : volumes and price level acceptance

Press comments

■ Renault Maxity

"If you need the productivity and sheer value for money of a cab over 3,5-tonner this is the best of the bunch".

Commercial Motor (UK) 01 02 2007

■ Renault Lander and Renault Kerax

"Lander is a truck that the French manufacturer should be shouting from the rooftops about."

Transport news (UK) Sept 2007

"Renault has now two models that cater to the constructions sector better than most."

Fleet Transport (Ireland) September 2007



Light Duty vehicles : a very valuable business

- A huge market: (GVW 2,7 t – 7t)

3 Millions vehicles / year worldwide
1 Million vehicles / year in Europe

- A growing market:

+2 to +4 % per year depending on the continent

- A stable market:

Less sensitive to the cycles

A LOT OF BUSINESS OPPORTUNITIES

A wider product offer through OEM strategy

A double partnership with Renault SA and Nissan Motor

→ Several complementary products

**Renault
Mascott**



**Renault
Midlum 7.5t**



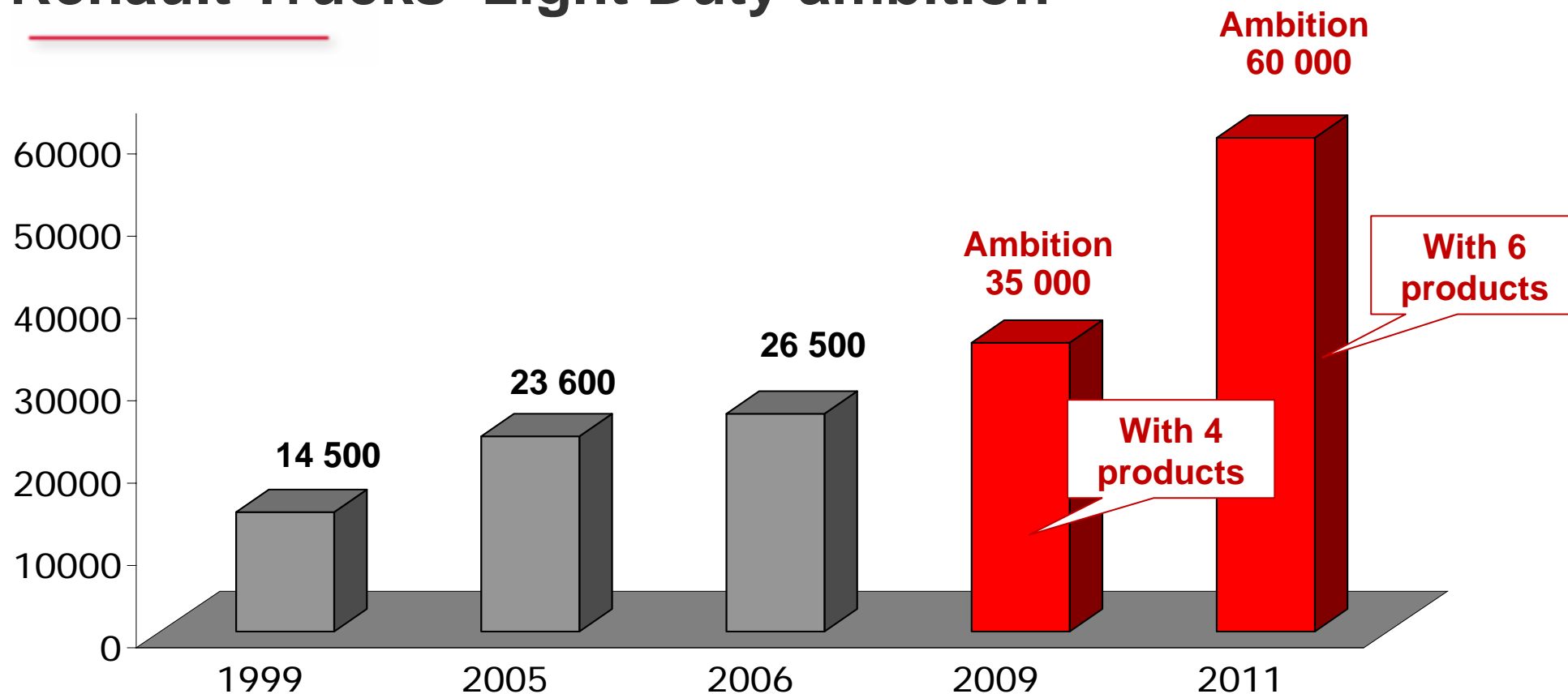
**Renault
Master**



**Renault
Maxity**



Renault Trucks' Light Duty ambition



Light Duty : a strategic priority

- Good profitability
- Excellent return on capital
- More and more business on after-sales

In Focus for 2008 : prepare the future

Acceleration of strategic projects to become even more efficient

Projects

Quality & Customer satisfaction

- Service Quality
- Commercial Logistic
(outbound logistics and truck inventory decrease)
- Soft offer development

Direct distribution & Group standards

- Direct order and direct invoicing with Lean Distribution
- Direct flows optimization and implementation of Shared Service Centers

Organization

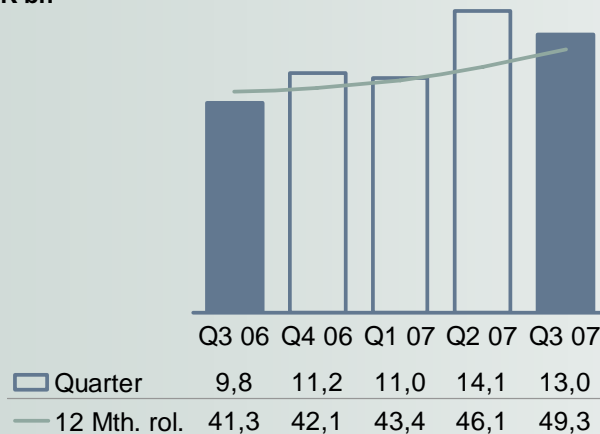
- Sales and central support functions
- Manufacturing and support functions
 - Volvo Production System implementation
 - Supply-chain capacity & flexibility increase





Net sales

SEK bn

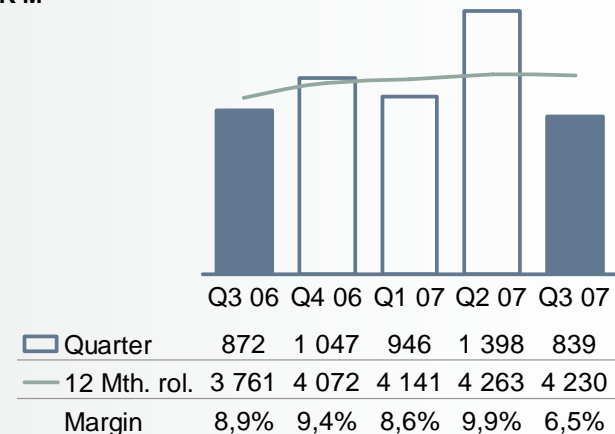


Highlights

- Global demand for heavy equipment up 12%
 - Europe up 14%, NA down 13%
- Good growth in sales – up 32%
- Result negatively effected by labor activities in South Korea, production issues and fx effects

Operating income

SEK M



In Focus

- Regain momentum in South Korea
- Manage capacity issues
- Capitalize on strong order book, up 76%
- Continued expansion of excavator business

Volvo Construction Equipment

Volvo Pipe layers – modern machines for the modern oil and gas pipeline industry

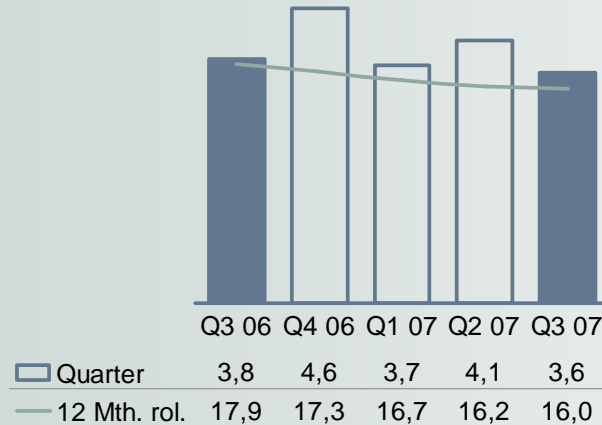
- Innovative, patented, 360 degree swing design
- Cost-effective versatility - increased utilization.
 - Pipe layer
 - Excavator
 - Crane
- Advanced technology.
- Proven Volvo reliability.
- Built-in safety features
- Ease of transportation.
- Small, high-margin segment





Net sales

SEK bn

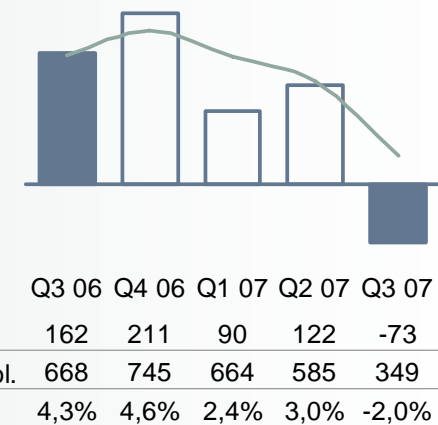


Highlights

- Lower demand on core markets
- City bus launch problem resolved
 - Technical solution in place
- Coach of the Year 2008

Operating income

SEK M



In Focus

- Profitability program Europe & Mexico
- Product cost reduction program
- Intensified Hybrid development

Volvo Buses

Volvo 9700 Coach of the Year 2008



Appreciated by the jury:

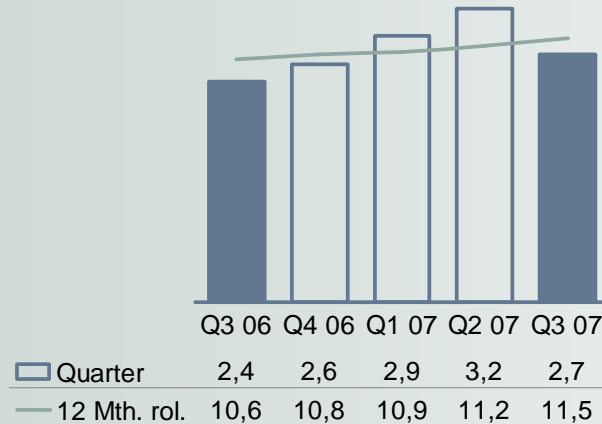
- *Passenger comfort*
- *Driveline*
- *Drivers environment*
- *Safety features*
- *Design*
- *Total quality*

Low fuel consumption in tests



Net sales

SEK bn

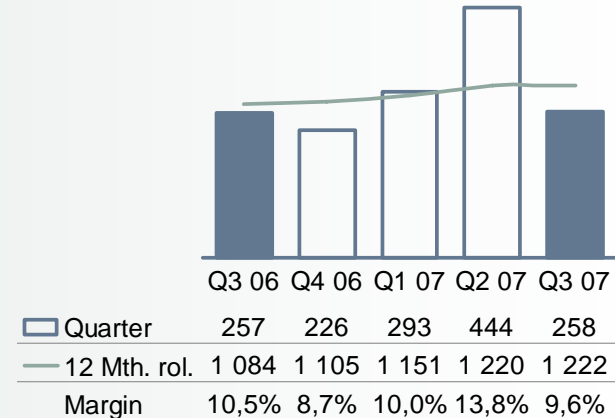


Highlights

- Continuous strong sales development + 12%
- Industrial engines fastest growing segment
- Operating margin negatively effected by higher product costs and R&D

Operating income

SEK M



In Focus

- Capitalize on current IPS momentum
- World market development
- Drive world class market support

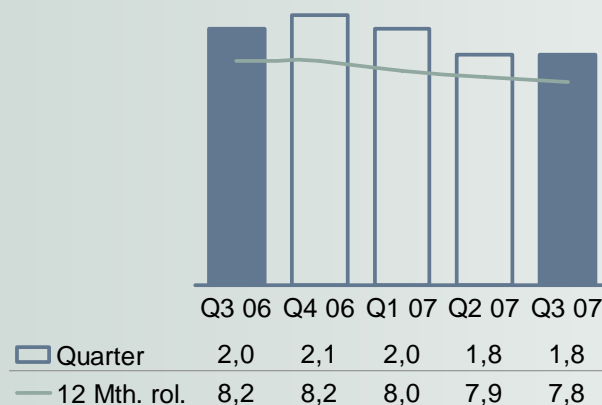
Volvo Penta Product News





Net sales

SEK bn

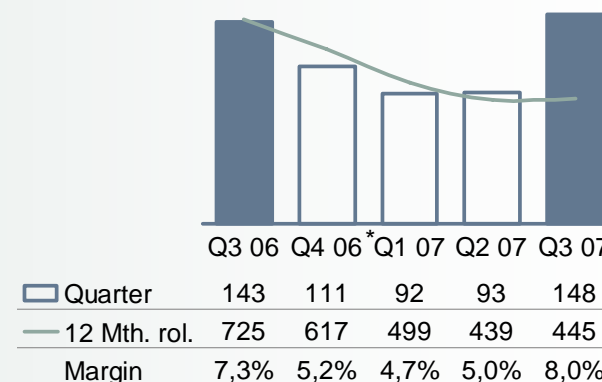


Highlights

- Improved profitability within the aftermarket business
- Important break through for Volvo Aero's light weight technologies
- Order book in component business increased by 47%

Operating income

SEK M



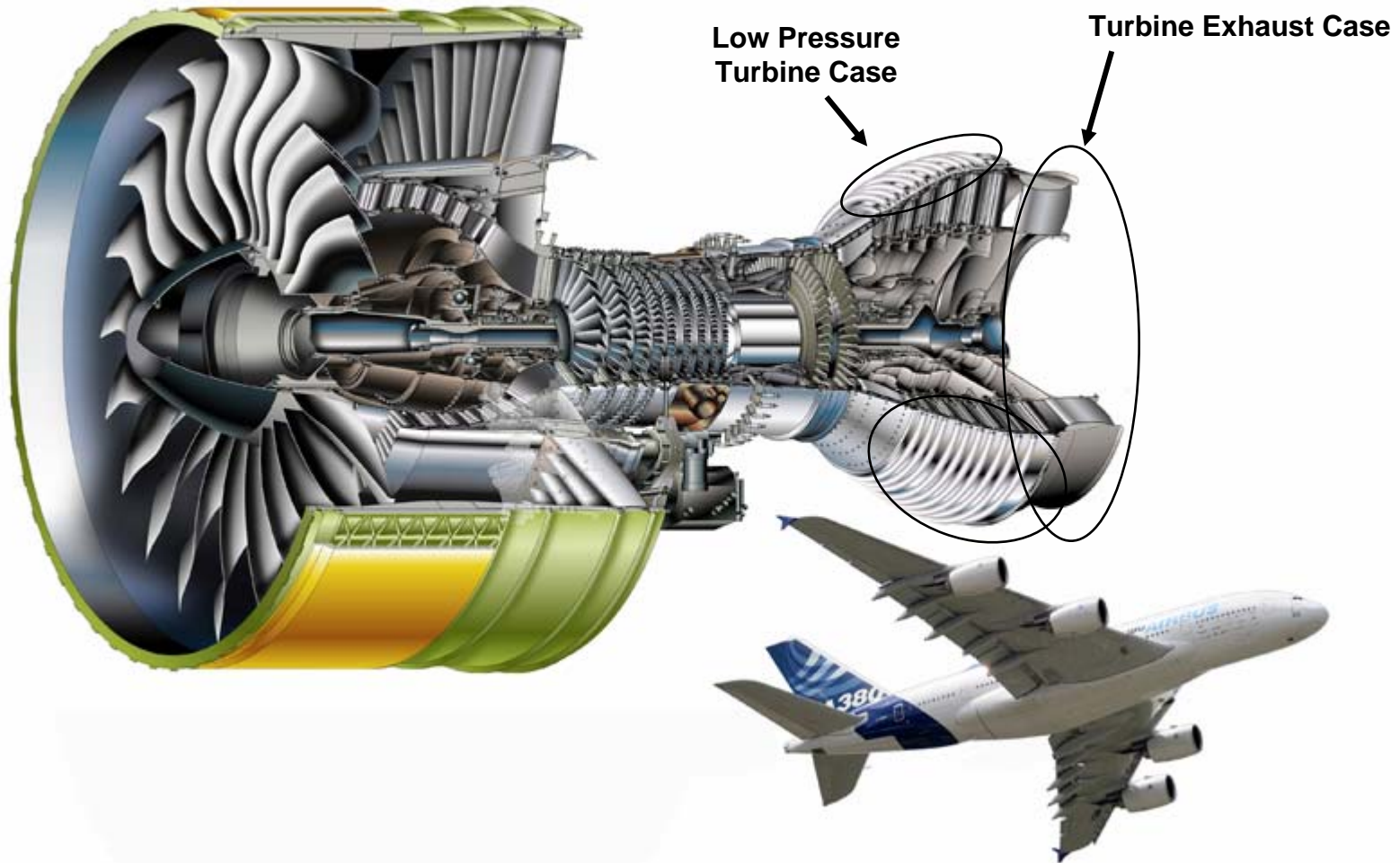
In Focus

- Continue to execute aftermarket turnaround
- Manage supply chain ramp up 2008
- Continue to leverage on light weight technology

* Excluding costs of SEK 258 M from closing the Bromma plant

Volvo Aero

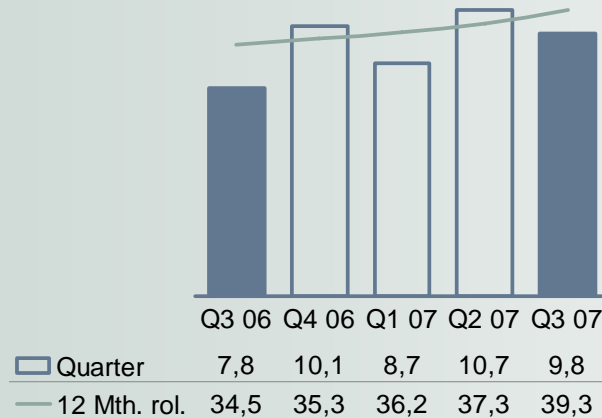
Breakthrough for light weight technology - Volvo Aero's new component for GP7000 will reduce A380 fuel consumption





New retail financing

SEK bn

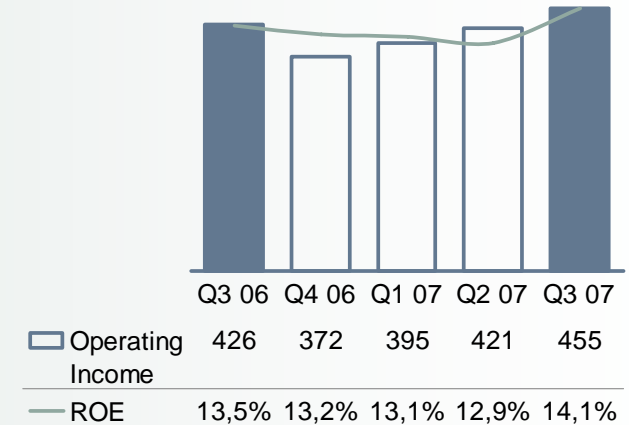


Highlights

- Good profitability continues
- Volvo road machinery retail financing
- Stable portfolio risk parameters

Operating income and return on equity

SEK M

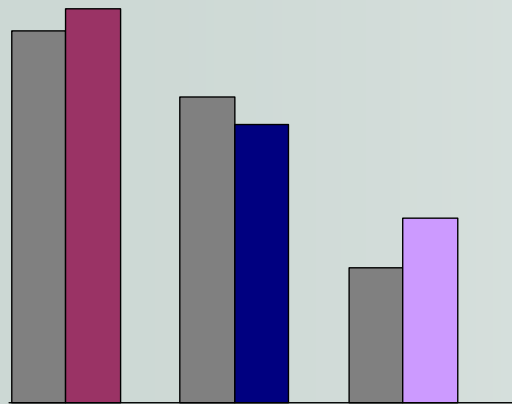


In Focus

- Enhanced risk management
- European re-alignment
- Growth opportunities

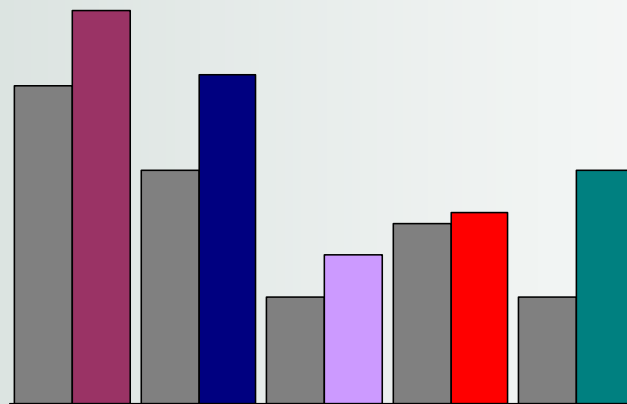
Volvo Financial Services

Total managed assets
(SEK bn)



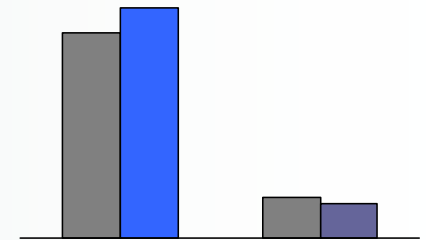
	W Europe	North America	International
Q306	39	32	14
Q307	41	29	19

Penetration on new financing
(Third Quarter isolated)



	Volvo CE	Volvo Trucks	Volvo Buses	Renault Trucks	Mack
Q306	30%	22%	10%	17%	10%
Q307	37%	31%	14%	18%	22%

Managed assets in:
Volvo Aero & Volvo Penta
(SEK M)

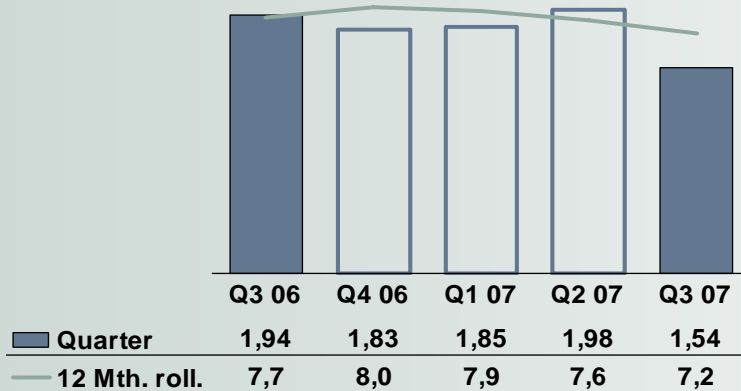


	Volvo Aero	Volvo Penta
Q306	779	153
Q307	874	134

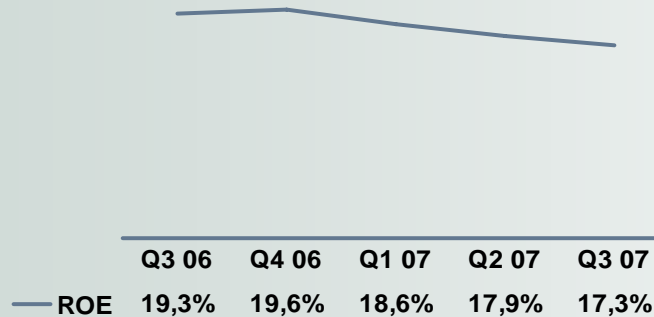
Group Summary



Earning per share SEK



Return on equity



- Good financial performance
 - Operating income SEK 5.0 bn
 - Earnings per share SEK 1.54
 - Return on equity 17.3%
 - Operating cash flow SEK neg 0.4 bn
- Integrating acquisitions
- Manage strong demand in Europe
 - Investments in capacity
 - Supply-chain challenges
- Asia – the second-largest market for the Volvo Group

VOLVO